ANNUAL HOUSING REVIEW ~ 1984

The Regional Municipality of Ottawa - Carleton
Planning Department
May, 1985

INTRODUCTION

On 9 January 1985 Regional Council adopted a recommendation which directed planning staff to prepare annual housing reviews which would report on housing activities and progress made toward achieving targets set out in the Regional Housing Statement Update.

As the first of these annual housing reviews this paper focuses on housing and related events in 1984. The report is primarily descriptive, largely using graphics and point-form comments to highlight developments in housing and related factors and to illustrate how 1984 compared with previous years.

The body of the paper is in four parts.

Part 1 - Economy, Population and Government Initiatives - The Economy and population growth are intimately related and directly affect housing activity. This section describes various economic factors in 1984 and how they compared in previous years. It also describes population growth and immigration with historical comparisons and the distribution of population growth in 1984. A brief discussion of Government initiatives in 1984 concludes this section.

Part 2 - The Housing Market - This section is in several parts. The first describes housing production in general in 1984. It describes the level of construction activity compared with previous years and the distribution of housing construction within the region and the National Capital Area. The second part examines the Rental Market indicating rental construction, vacancy rates and the cost of rental units in 1984 and previous years. The third part examines the Ownership Market indicating trends in ownership construction and house prices.

Part 3 - Assisted Housing - This section describes assisted housing allocation in 1984 compared with previous years and shows activity in the waiting lists rent-geared-to-income housing in 1984.

Part 4 - Housing Activity in 1985 - This section describes construction activity in the 1st quarter of 1985 and what this might portend for the remainder of 1985. It also includes estimates by the area municipalities on housing production in their areas in 1985. The supply of land and building lots is also dealt with in this section.

Note: All population and household size data should be taken as estimates only. These data are derived from 1984 assessment records which are based on a partial enumeration.

HIGHLIGHTS

THE HOUSING SITUATION

Overview

- The combination of a relatively stable economic climate and high population growth resulted in a very active year in housing with a total of 8,938 completions in 1984; up by 35% over 1983 completions. Completions of singles and doubles increased slightly in 1984, but the bulk of the increase came in the apartment and row sectors with 2,605 and 2,245 completions respectively.

- This level of completions far exceeds the requirements projected in the Regional Housing Statement Update (RHSU) of 5,550 units annually, but it should be noted that requirements estimated in the RHSU were based on a growth in population of about 7,500. As a result of high levels of immigration the actual population increase in 1984 was estimated to be about 10,300. It is impossible to convert the RHSU requirements to the actual population with existing data (age structure of the population is necessary) but a comparison of actual and projected population growth and new dwelling units indicate that the level of construction exceeded required levels by about 17%.

- The distribution of construction activity within the Region in 1984 was the same as in 1983 with 61% of completions in the four urbanizing municipalities of Nepean, Gloucester, Cumberland and Kanata, 31% in the three urban municipalities of Ottawa, Rockcliffe Park, and Vanier and 8% in the rural municipalities.

- The trend to fewer persons per household, particularly in the urban area, was apparent with the urban areas accounting for only 8% of the population increase and 31% of dwelling completions. Nearly 3.5 dwellings were added for each person added to the population of the three urban municipalities.

- Housing activity increased significantly in the Outaouais in 1984 with 2,299 completions; 20% of Ottawa-Hull CMA completions. This is triple the average over the past seven years. Housing production in the Outaouais has been stimulated by a home ownership assistance program offered by the Province of Quebec, Corvee Habitation, which provided 9½%, 3 year mortgages as well as $1,000 grants (up to July 1984) to first time buyers of new homes, and by municipal programs of 3 to 5 year property tax reductions. The changing political climate in Quebec and the lower house prices (compared with Ontario) have also added to the attractiveness of the Outaouais during the past couple of years.

- Few new housing initiatives were announced in 1984 by the Federal or Provincial governments and several Federal programs were reduced or terminated at the end of 1984.

The Rental Market

- Rental completions increased by 60% in 1984 over 1983 to 3,396 units. Although this did not affect the stabilized vacancy rate in 1984, which remained at 0.3%, it should result in an increased number of vacancies in 1985. Despite the increase in rental completions, they accounted for only about 37% of completions; less than the estimated requirement of 50% to 55%.

- Rent increased nearly 6% on average, ranging from 7.4% for bachelor units to 4.9% for two bedroom units. This is down from 1983 but exceeded the general rate of inflation significantly.

The Ownership Market

- Ownership completions increased by 20% in 1984 over 1983. Almost all of the increase was in the condominium sector which more than tripled in 1984 to 707 row units and 518 apartments completed. In most cases these were lower priced units which provided an alternative to renting.

- There was an 18% increase in the average price of a residential property sold through MLS in 1984 over 1983. The lower priced housing types such as condominium apartments, semi-detached and condominium garden homes increased the most with 20% to 23% increases. With the increase in interest rates in 1984, principal and interest costs increased by up to 27% (for condominium apartments).

- The median selling price for new single detached houses in the RMOC in 1984 was $115,709. Median prices ranged from $104,600 in Gloucester (excluding Orleans) to $137,062 in Nepean (excluding Barrhaven).

- The new house price index for Ottawa-Hull increased by 8.4% between 1983 and 1984 - the largest increase among Canadian cities. The land component of this index increased by only 6.6%, suggesting an adequate supply of residential land.

Assisted Housing

- A total of 411 non-profit family units were allocated in 1984 which will provide about 134 rent-geared-to-income units and 277 market rent units. An additional 256 rent-geared-to-income units were obtained through the rent-supplement program.

- This level of production is well below the 800 unit annual social housing target approved in the Regional Housing Statement Update.

- City Living also received funding for two rooming houses for a total of 85 rooms to be completed in 1985.

- The amalgamation of City Living's family (RGI) waiting list with the Ottawa-Carleton Regional Housing Authority waiting list took place at the end of August of 1984. The merger resulted in a net decline in the number of families waiting for rent-geared-to-income housing from a combined total of 2,151 at the beginning of the year to 1,521 in December 1984.

1985 Activity

- Early indications point to a decline or a levelling off in housing construction in 1985. Units under construction at the beginning of the year were down by 21% from last year's level. First quarter starts in 1985 were less than half of the average of the previous two years. Based on the trend over the past five years, this level of 1st quarter starts will result in about 4,500 starts for the year.

- Estimates by area municipalities indicate that construction in 1985 will exceed the 5,550 unit requirement projected in the Regional Housing Statement Update (not all municipal estimates were available at the time of writing).

- If 1983-84 is any indication, it appears that immigration may be declining to more moderate levels in 1985, thus reducing demand.

- The extraordinary number of starts (1,085) in the Outaouais in the 1st quarter at 1985 suggests that the improved political climate and more affordable house prices in Quebec may result in some diversion to the Outaouais of housing construction that otherwise might have been built in Ontario in 1985. First quarter starts have typically accounted for about 10% of the year's total in the Outaouais, if this relationship held in 1985 there would be over 10,000 starts in the Outaouais - this is unlikely. Abberations in the recording of construction data in early 1985 and late 1984 make extrapolation to the remainder of the year impossible. (Some of the starts which have been attributed to the first months of 1985 actually occurred in late 1984 in a flurry of activity to take advantage of a Provincial housing assistance program which was being terminated at the end of 1984.) It is, however, probable that housing construction will be up in 1985. Although the major housing stimulation program (Corvee Habitation) was terminated in 1984, a new Provincial home ownership assistance program was introduced in 1985 which will stimulate some demand for new dwellings, and municipalities are still offering property tax reduction incentives.

- At the end of 1984 there was more than a four year supply of land in registered and draft approved subdivisions based on past consumption of vacant land. Based on completions over the previous 5 years the suburban municipalities of Nepean, Gloucester, Kanata, and Nepean have, on average, almost a 5 year supply of land in draft approved and registered subdivisions.

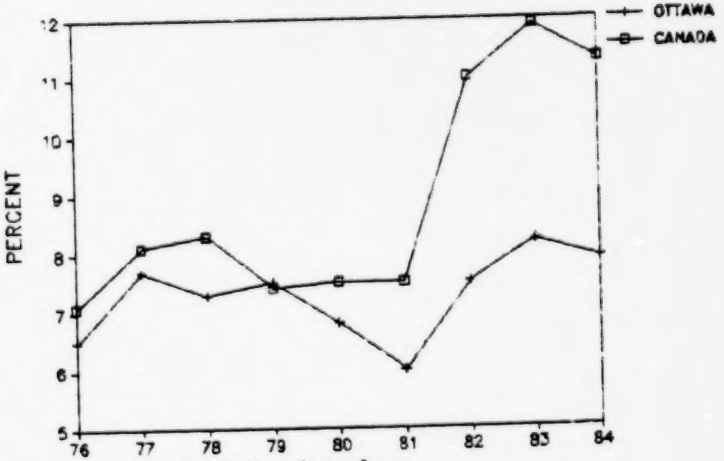
- Despite the abundant overall supply of land, the supply for some housing types (e.g. single detached) may be less than the 2 year level approved in the Regional Housing Statement. Further analysis of the land supply will be undertaken shortly.

PART I
ECONOMY, POPULATION, AND GOVERNMENT INITIATIVES

THE ECONOMY

- The unemployment rate declined slightly in the Ottawa CMA in 1984 to 7.9% from 8.2% in 1983.
- The difference between the unemployment rate for Canada and that for the Ottawa CMA also declined in 1984 to 3.4% from 3.7% in 1983.

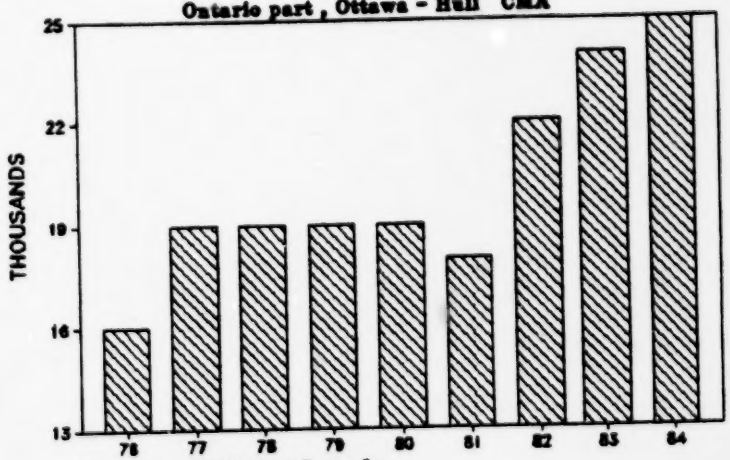
UNEMPLOYMENT RATES
1976-1984



Source: Statistics Canada

- Despite the decline in the unemployment rate the number of unemployed in Ottawa grew by about 1,000 during 1984. It is estimated that the labour force increased by about 24,000 over 1983. However, because of the sample size used, care must be taken in interpreting these figures.

UNEMPLOYED PERSONS
1976-1984
Ontario part, Ottawa - Hull CMA



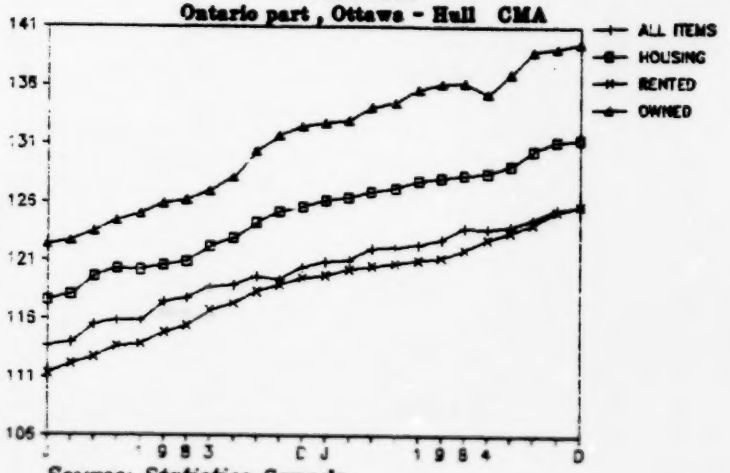
Source: Statistics Canada

- The Consumer Price Index increased by 4.4% during 1984; down from the 1983 increase of 5.6%.
- The Housing index component increased by 4.6% in 1984; down sharply from the 1983 increase of 6.9% The Rented Accommodation component increased by 5.2% in 1984; down from 7.9% in 1983. The Owned Accommodation component increased by 5.4%; down from 8.6% in 1983.
- On average the 1984 housing index was 5.8% higher in 1984 than in 1983. This was the largest increase among major Canadian cities.

CONSUMER PRICE INDEX

1981=100

Ontario part, Ottawa - Hull CMA

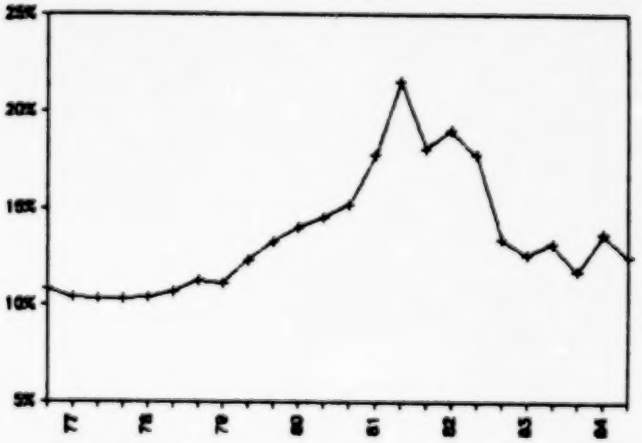


Source: Statistics Canada

- Mortgage interest rates were slightly higher (0.5%) on average in 1984 than in 1983.
- Rates increased during the first half of the year to a high of 14.8% in July, then decreased steadily to 12.5% in December for an average of 13.2% over the year.
- "Real" interest rates (interest rate minus inflation) were significantly higher in 1984 (8.8%) than in 1983 (7.1%).

MORTGAGE INTEREST RATES

1977-1984



Source: C.M.H.C.

POPULATION*

- Population growth slowed slightly in 1984, but remained relatively high with an increase of 10,303. This was nearly double the annual average increase of the 1976-81 period.

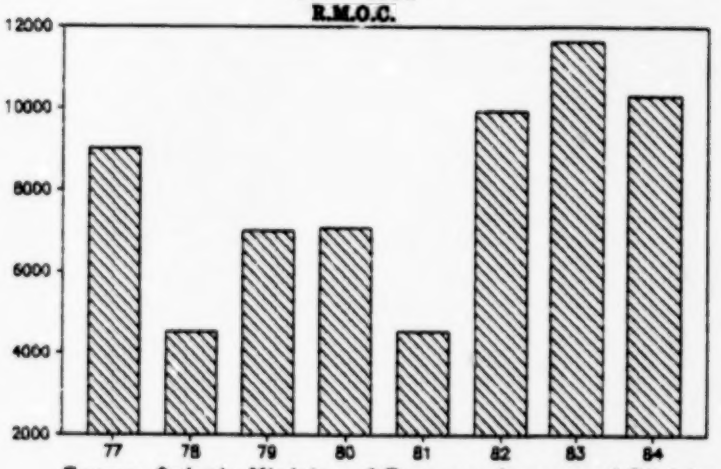
- The urbanizing communities of Nepean, Gloucester, Kanata and Cumberland together accounted for 77% of the Region's population growth in 1984.
- The urban municipalities of Ottawa, Vanier, Rockcliffe Park accounted for about 8% of the increase.
- The four rural municipalities accounted for the remaining 15%, most of which occurred in Goulbourn.

*See footnote, page 1

POPULATION GROWTH

1977-1984

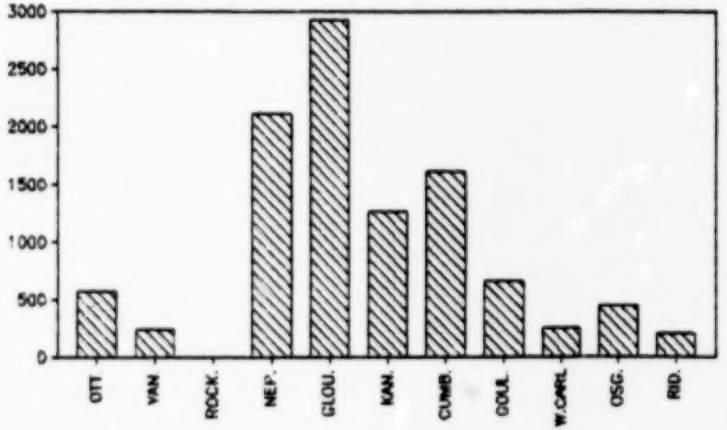
R.M.O.C.



Source: Ontario Ministry of Revenue, Assessment Division

POPULATION GROWTH BY MUNICIPALITY

1983-1984



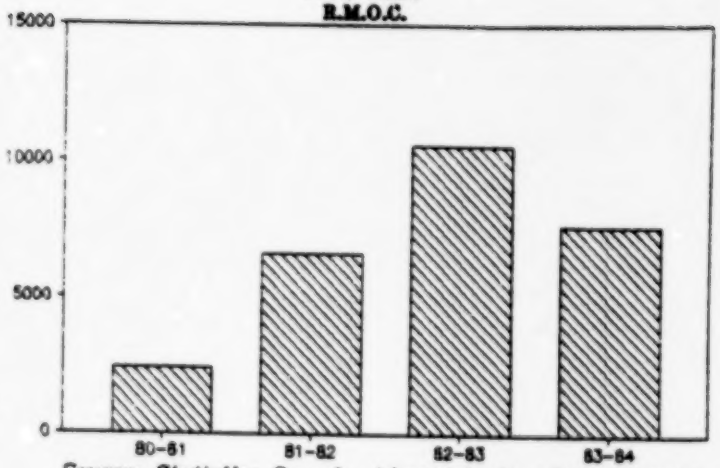
Source: Ontario Ministry of Revenue, Assessment Division

- Net migration has been the major factor contributing to the rapid population growth in recent years. Preliminary estimates indicate that net immigration was down in the 1983-84 (May to May) period to about 7,600, from the high of 10,500 in 1982-83.

NET MIGRATION

1980-1984

R.M.O.C.



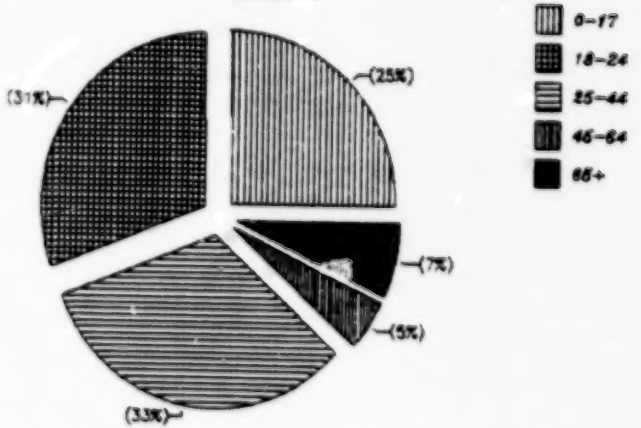
Source: Statistics Canada, Administrative Data Division

- The 18-24 age group made up 31% of the net immigration between 1981 and 1984 (heavy rental housing demand). 64% of the net immigrants between 1981 and 1984 were in the prime household forming age group of 18-44.

NET MIGRATION BY AGE GROUP

1981-1984

R.M.O.C.



Source: Statistics Canada, Administrative Data Division

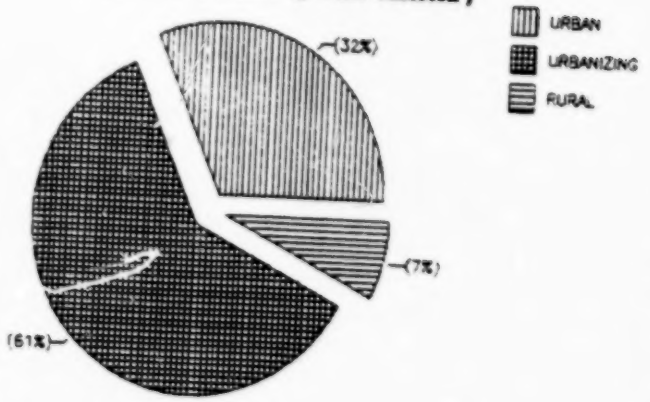
HOUSEHOLD FORMATION

- A comparison of estimated population growth and dwelling completions indicates a continuing trend to smaller household sizes, particularly in the urban areas.
  Nearly three and a half dwelling units were built for each additional person in the urban municipalities of Ottawa, Vanier and Rockcliffe Park in 1984.
- In the four urbanizing municipalities, one dwelling unit was built for every 1.5 people added to the population.
- In the rural municipalities, one new dwelling unit was added for every two people added to the population.

DWELLING COMPLETIONS

1984

R.M.O.C. (excluding West Carleton)

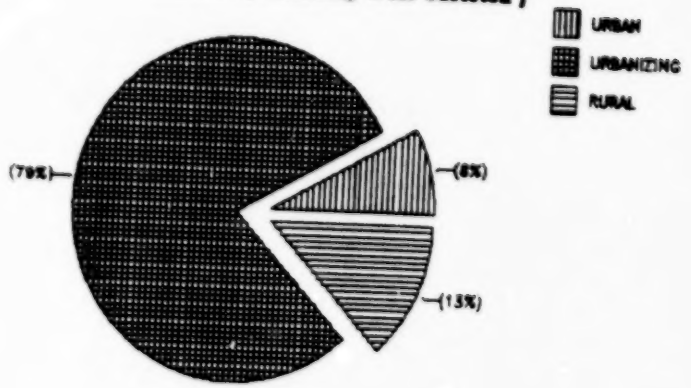


Source: C.M.H.C.

POPULATION GROWTH

1984

R.M.O.C. (excluding West Carleton)



Source: Ontario Ministry of Revenue, Assessment Division

GOVERNMENT INITIATIVES

Few new housing initiatives were announced by government in 1984, while several programs were reduced or eliminated.

New programs:

- The Mortgage Rate Protection Plan, a federal program designed to protect homeowners from large increases in their mortgage rates, came into effect in the middle of 1984. Only 70 applications for this program have been received from all of Canada (out of an estimated potential of 20,000 per month).
- The Canada Ontario Rental Supply Program, a joint program by the Federal and Provincial Governments of interest free loans to private builders of modest rental units, was announced in 1984. None of the 2,675 units were allocated to builders in the Ottawa-Carleton area. Several applications were received from local builders (including City Living) but these were deemed as being too costly for the intent of the program.
- Reno Loan, a mortgage insurance plan designed to make major home renovations easier and less expensive, was introduced in the spring of 1984. From June of 1984 to March 1985 only 5 loans were processed in the Ottawa-Carleton area.
- Portable Living Units for Seniors, a provincial demonstration program to test the concept of Granny Flats, was announced in 1984. The RMOC will get four units which should be on the ground by summer 1985.
- Match and Share, a Provincial-Regional demonstration program designed to match people with excess space in their homes with people who need accommodation, was established at the Regional Homes for the Aged in October 1984.

Reduction or Cancellation of Old Programs:

- The Residential Rehabilitation Assistance Program, a federal program of loans and grants for homeowners and landlords for building renovation, budget was reduced by 25%. Locally, RRAP funds were reduced by about 16% for 1985 to $890,000.
- The Canadian Home Insulation Program (CHIP), a federal program of loans and grants to assist homeowners with the cost of upgrading their homes' insulation, was redesigned to allow 33% rather than 66% of costs as taxable grants.
- The Canada Oil Substitution Program (COSP), a federal program of grants to assist with the cost of converting from oil to other home heating fuels, was cancelled.

PART II
THE HOUSING MARKET

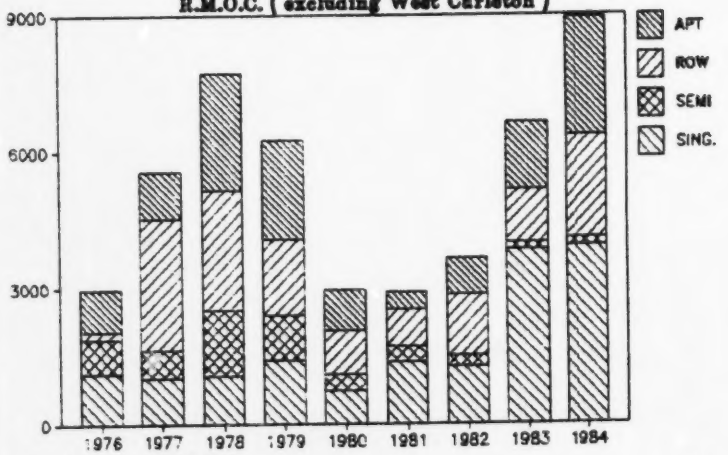
CONSTRUCTION ACTIVITY IN 1984

- 8,938 housing units were completed in 1984; a 35% increase over the 1983 level of 6,636.
- Single and double completions were up slightly over 1983 with 3,908 and 180 units respectively.
- Nearly all of the increase was in the apartment and row sectors with 2,605 and 2,245 completions respectively; up from the 1,166 apartment and 1,474 row completions in 1983.

COMPLETIONS BY TYPE

1976-1984

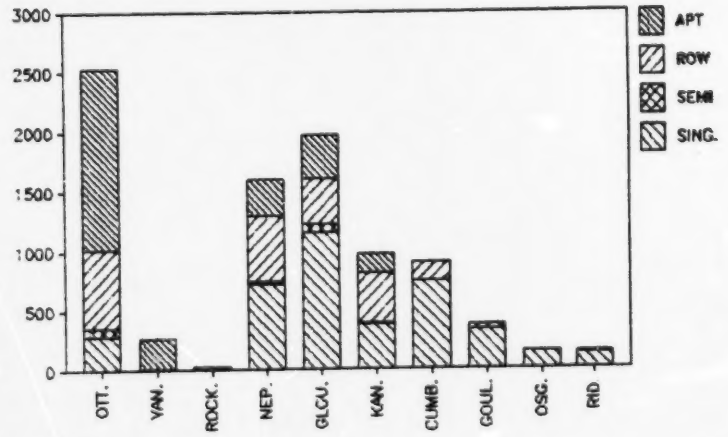
R.M.O.C. (excluding West Carleton)



Source: C.M.H.C.

COMPLETIONS BY TYPE AND MUNICIPALITY

1984



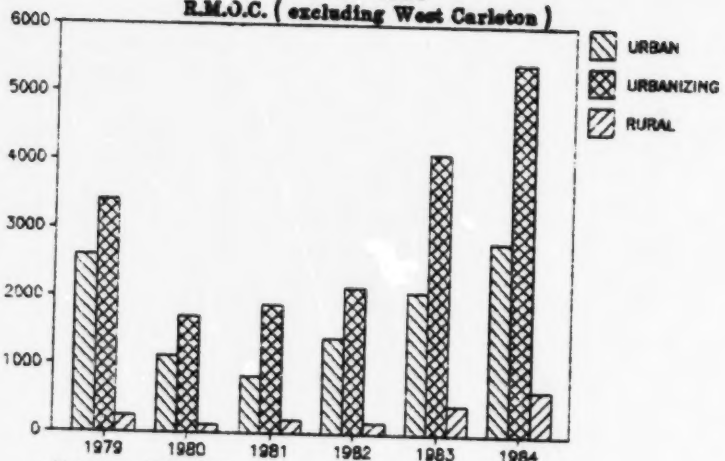
Source: C.M.H.C.

- The distribution of completions within the Region was the same in 1984 as in 1983 with the urban municipalities of Ottawa, Vanier and Rockcliffe Park accounting for 31% of the completions, the urbanizing municipalities of Nepean, Gloucester, Cumberland and Kanata accounting for 61% and the rural municipalities of Goulbourn, Osgoode and Rideau accounting for about 8% of the completions.

COMPLETIONS BY AREA

1979-1984

R.M.O.C. (excluding West Carleton)



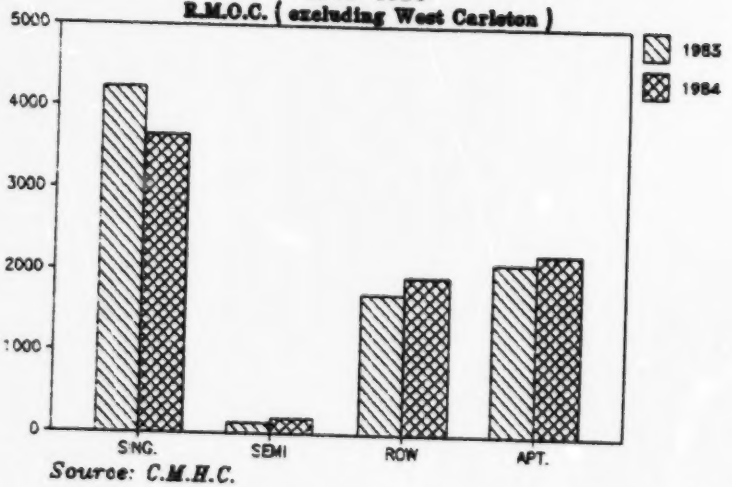
Source: C.M.H.C.

- Housing starts were down slightly in 1984 to 7,999 from the 1983 level of 8,187.
- All of the decrease was in the single detached sector which decreased by 574 to 3,656.
- Starts in the other three sectors increased slightly in 1984.

HOUSING STARTS

1983-1984

R.M.O.C. (excluding West Carleton)



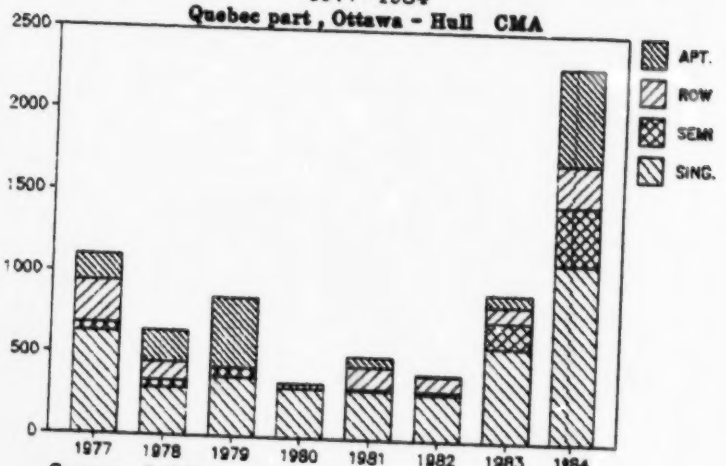
Source: C.M.H.C.

- Construction activity was up significantly in the Outaouais with 2,299 completions in 1984. This is a 255% increase over the 1983 level of 902 and is more than triple the average number of completions of the previous 7 years.

OUTAOUAIS COMPLETIONS

1977-1984

Quebec part, Ottawa - Hull CMA



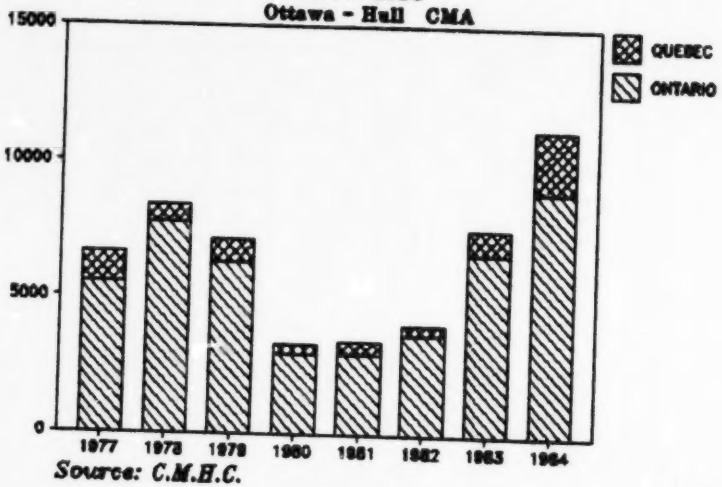
Source: C.M.H.C.

- The Outaouais also increased its share of the total Metropolitan Area completions to 20% from the 10% share it has held for the past six to seven years, probably largely as a result of Quebec Provincial housing programs.

OTTAWA-HULL COMPLETIONS

1977-1984

Ottawa - Hull CMA



Source: C.M.H.C.

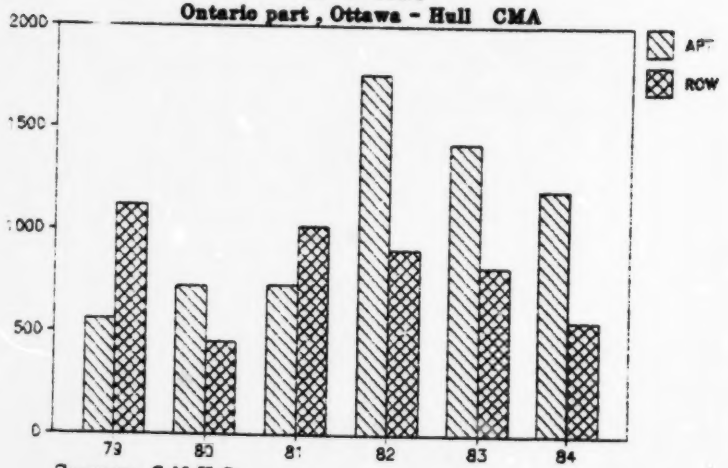
THE RENTAL MARKET

- Rental starts declined slightly in 1984 to 1,759 units from the 1983 level of 2,248.
- Of the 1,199 apartment rental starts in 1984, 197 were CRSP (Canada Rental Supply Plan) units which were committed in 1983 (CRSP has now been terminated), 256 were social housing units and 746 units were "unsubsidized" private rental starts.

RENTAL STARTS BY TYPE

1979-1984

Ontario part, Ottawa - Hull CMA



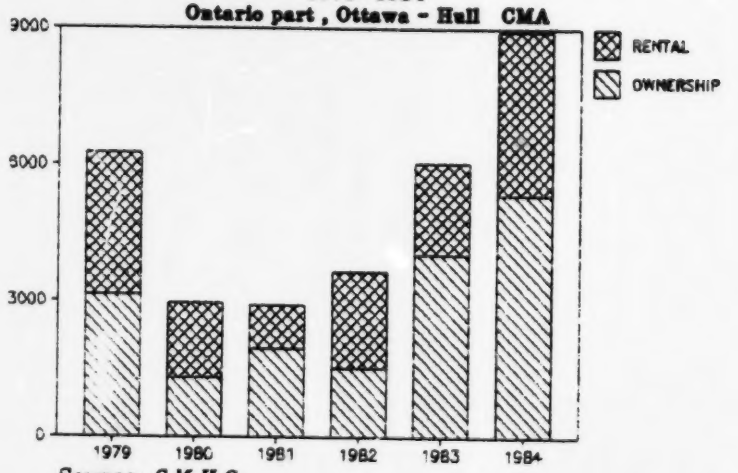
Source: C.M.H.C.

- Rental completions increased significantly in 1984 to 3,396; a 60% increase over the 1983 total of 2,019.
- Rental completions accounted for about 37% of 1984 completions; a significant increase over previous years, but less than the estimated requirement of 50% to 55%.

COMPLETIONS BY TENURE

1979-1984

Ontario part, Ottawa - Hull CMA



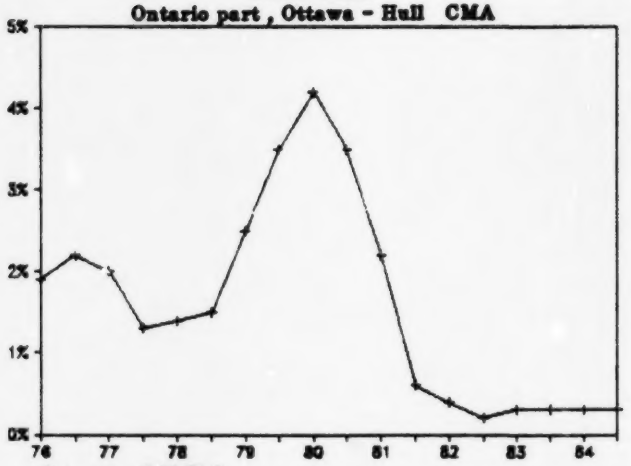
Source: C.M.H.C.

- The apartment vacancy rate remained unchanged during 1984 at 0.3% in both the April and October surveys. This rate is the "stabilized" rate and includes only apartments that have been completed for more than 6 months. If the newly completed stock were included the vacancy rate in October 1984 would have been 1.0%, the highest level since 1981.

APARTMENT VACANCY RATES

1976-1984

Ontario part, Ottawa - Hull CMA



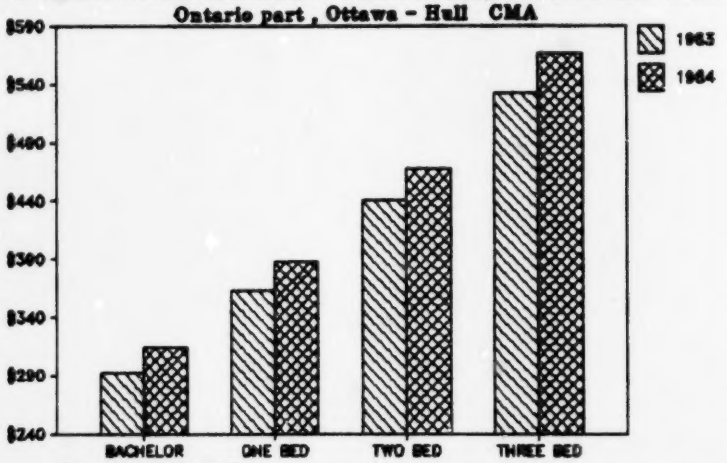
Source: C.M.H.C.

- Rent levels increased less rapidly in 1984 than in 1983.
- The average increase for bachelor, one, two, and three bedroom apartments in 1984 was 7.4%, 6.1%, 4.9%, and 5.5% respectively. In 1983 the rent increases were 7.7% for bachelors, 10.1% for one bedroom, 8.3% for two bedroom and 10.2% for three bedroom units.

AVERAGE MONTHLY RENT

PRIVATELY OWNED APARTMENT STRUCTURES, SIX UNITS AND OVER

Ontario part, Ottawa - Hull CMA



Source: C.M.H.C.

THE OWNERSHIP MARKET

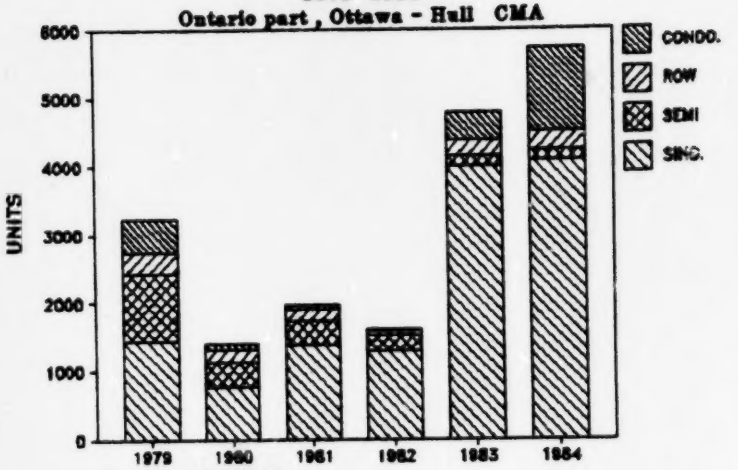
- Ownership completions were up by 20% in 1984 over 1983.
  Almost all of the increase was in the condominium sector, which more than tripled in 1984 to 1,225 units: 707 row and 518 apartments.

- The selling price of the average MLS listed house increased by 18% in 1984.
- The lower priced housing types increased the greatest percentages: condominium apartments up 23% to $91,995; semi-detached up 22% to $94,746; condominium garden homes up 20% to $70,901. The more expensive housing types, e.g. bungalows and two storeys, increased by 14% and 16% to $98,121 and $124,967 respectively.

OWNERSHIP COMPLETIONS

1979–1984

Ontario part, Ottawa - Hull CMA

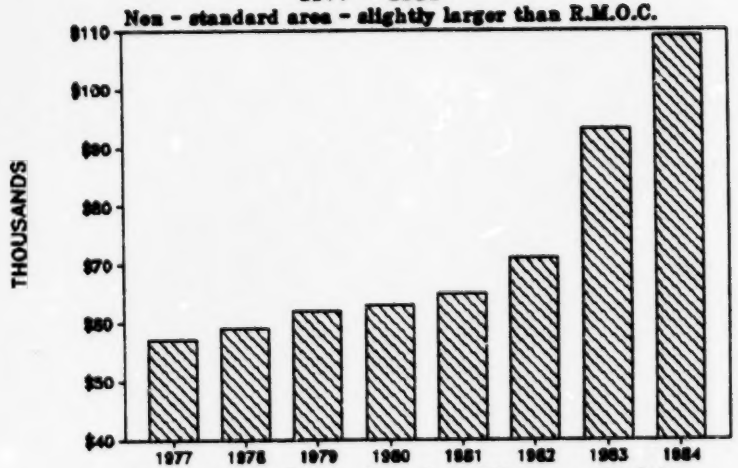


Source: C.M.H.C.

AVERAGE MLS HOUSE PRICES

1977 – 1984

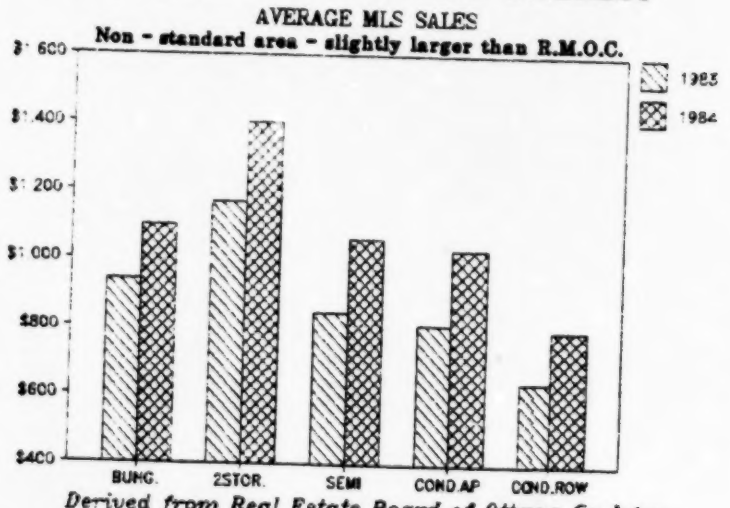
Non-standard area - slightly larger than R.M.O.C.



Source: Real Estate Board of Ottawa – Carleton

- With the increase in mortgage interest rates in 1984 the cost of home ownership increased by 27% for semi-detached and condominium apartments, by 24% for condominium garden homes, and by 20% and 17% for two storeys and bungalows respectively.

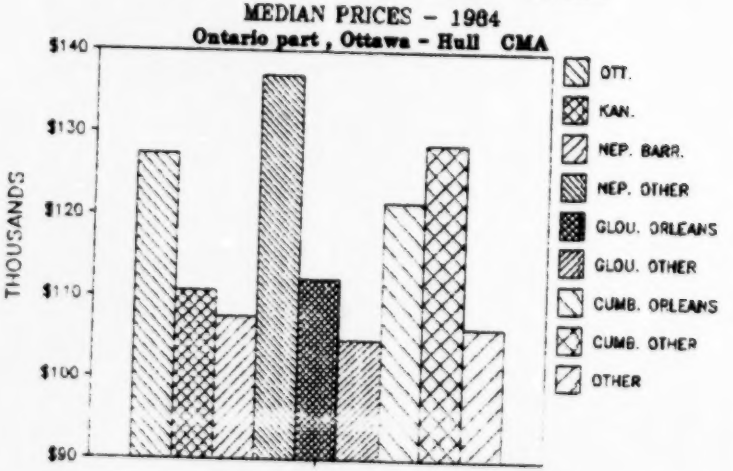
MONTHLY PRINCIPAL AND INTEREST



Derived from Real Estate Board of Ottawa Carleton

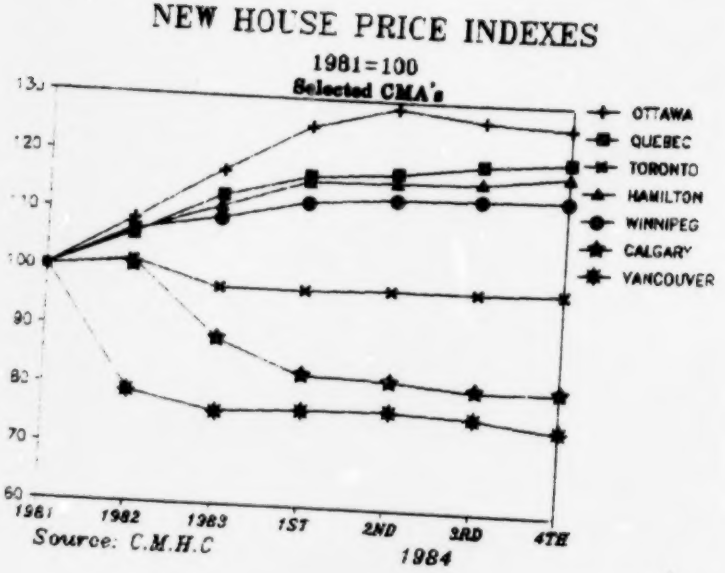
- The median selling price for new single detached houses in 1984 was $115,709. Median prices ranged from $104,600 in Gloucester (excluding Orleans) to $137,062 in Nepean (excluding Barrhaven).
- About 72% of the recorded sales (pre-sales not included) of single detached houses were in the urbanizing municipalities.
- In Ottawa, which accounted for 7% of single detached sales, the median price was $127,297.
- In all other areas the median price was $106,249.

NEW SINGLE DETACHED SALES



Source: derived from C.M.H.C.

- The new house price index (total selling price) for Ottawa-Hull increased by 8.4% between 1983 and 1984. This was the largest increase among Canadian metropolitan areas.
- The house only component of the index increased by 9.2%, also the highest in Canada.
- The land only component increased by 6.6% - well below land increases in several metropolitan areas including Montreal (14.5%), Regina (12.0%) and St. Catharines (11.3%).



PART III
ASSISTED HOUSING

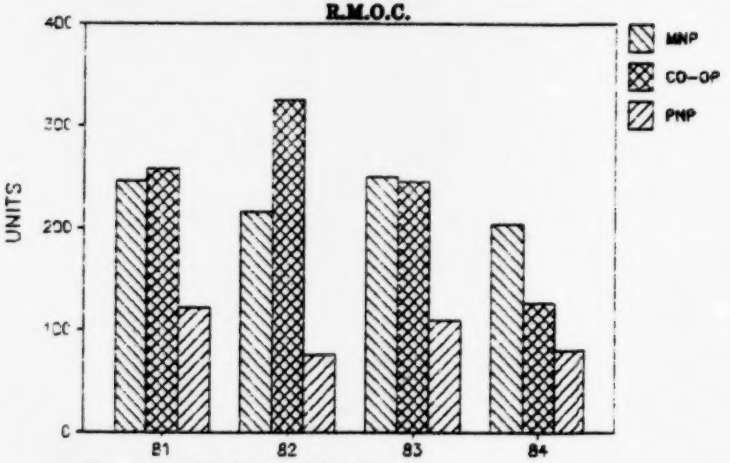
- Non-Profit allocations were down in 1984 to 411 from 605 in 1983. This will result in approximately 134 rent-geared-to-income units.
- All of the allocations were for family projects in the City of Ottawa.
- City Living (MNP) received 204 units, three co-operatives received 127 units and Centretown Citizens (Ottawa) Corp. received 80 units.
- An additional 256 rent-geared-to-income units were allocated under the Rent Supplement program in Ottawa (112), Gloucester (73), Vanier (55), and Nepean (16).
- City Living also received funding for two rooming houses comprising 85 units.
- With the inclusion of Rent Supplement units the distribution of assisted housing in 1984 matches very closely that suggested in the R.H.S.U. The actual distribution was: 78% in Ottawa; 8.3% in Vanier; 2.4% in Nepean; 10.9% in Gloucester.

- There were 1,521 families on the combined Ottawa-Carleton Regional Housing Authority (O.C.R.H.A.) - City Living (C.O.N.P.H.C.) waiting list at the end of 1984; down from a total of 2,151 at the beginning of the year.
- Much of the decrease came as a result of the elimination of duplicate applications which occurred when the two waiting lists were combined at the end of August. 247 applications were transferred from City Living's list to the joint list in September.

ASSISTED HOUSING ALLOCATIONS

1981-1984

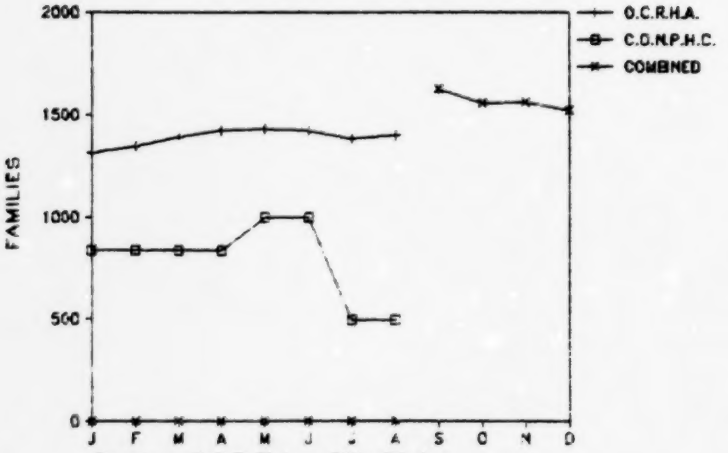
R.M.O.C.



Source: C.M.H.C. ; City Living

ASSISTED (RGI) HOUSING WAITING LISTS

FAMILIES 1984



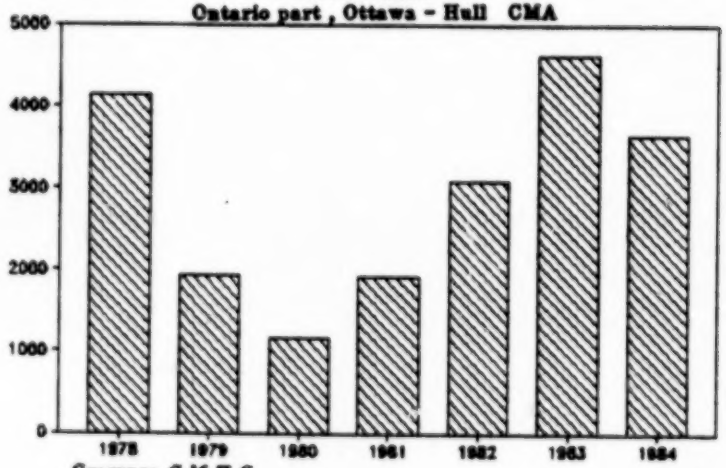
Source: O.C.R.H.A. ; City Living

PART IV
1985 HOUSING ACTIVITY

- The number of housing units under construction at the end of 1984 at 3,651 was down by 21% from the 1983 year end figure of 4,632.

UNDER CONSTRUCTION AT YEAR END

1978 -1984
Ontario part, Ottawa - Hull CMA

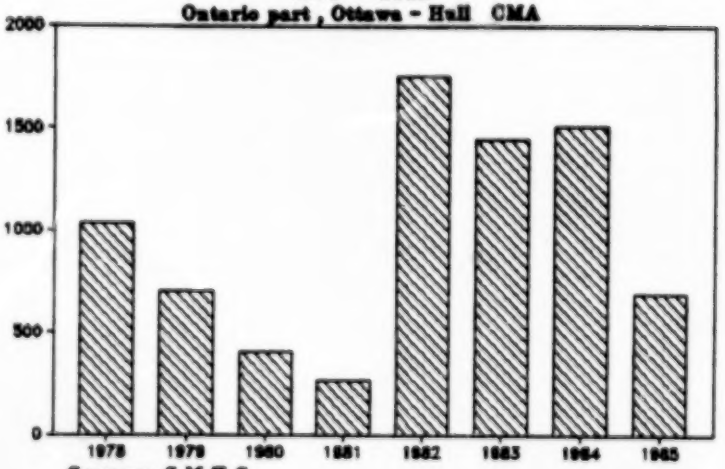


Source: C.M.H.C.

- Starts in the first quarter of 1985 at 692 are less than half the level reached during the same period in 1983 and 1984.

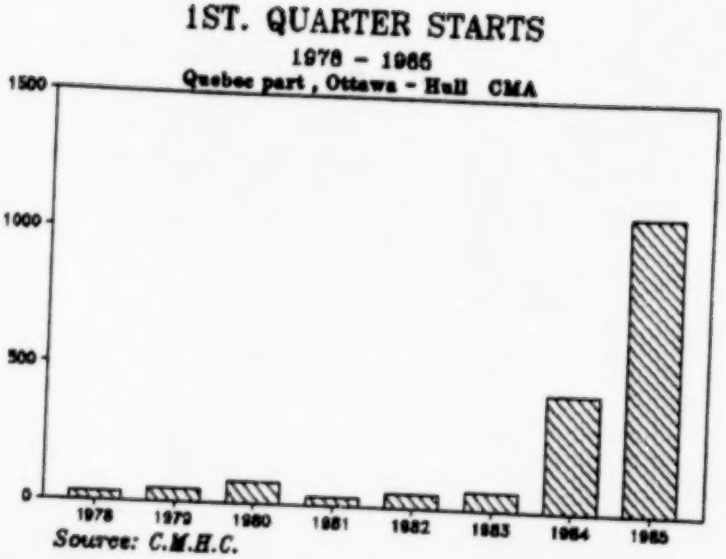
1ST. QUARTER STARTS

1978 - 1985
Ontario part, Ottawa - Hull CMA

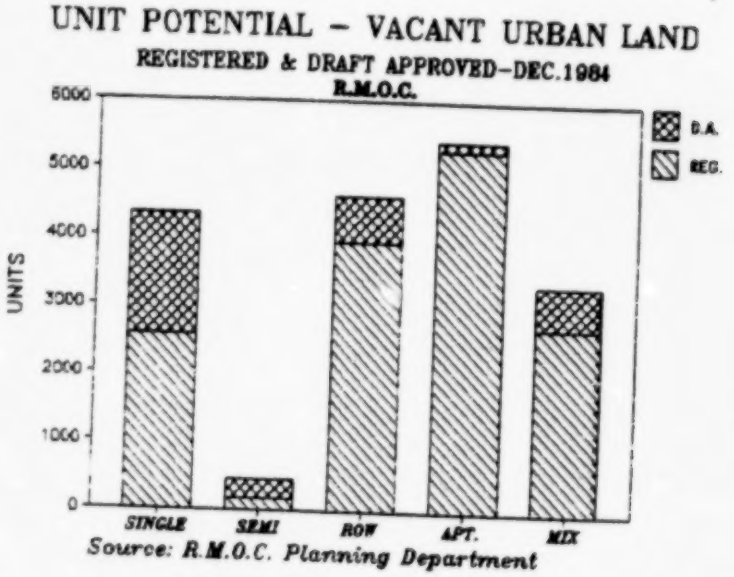


Source: C.M.H.C.

- Housing starts in the Outaouais reached an extraordinary level of 1,085* units in the first quarter of 1985, exceeding the number of starts on the Ontario side. The Outaouais averaged only 103 starts in the first quarter of the previous seven years.
- The bulk of the 1st quarter activity was in the apartment sector, with 659 units started.



- At the end of 1984 there was sufficient land in registered and draft approved subdivisions to develop 18,145 dwellings. Based on past consumption of vacant land, this represents about a four year supply of land which can be developed quickly.
- An additional supply of land representing 15,859 units is pending approval.



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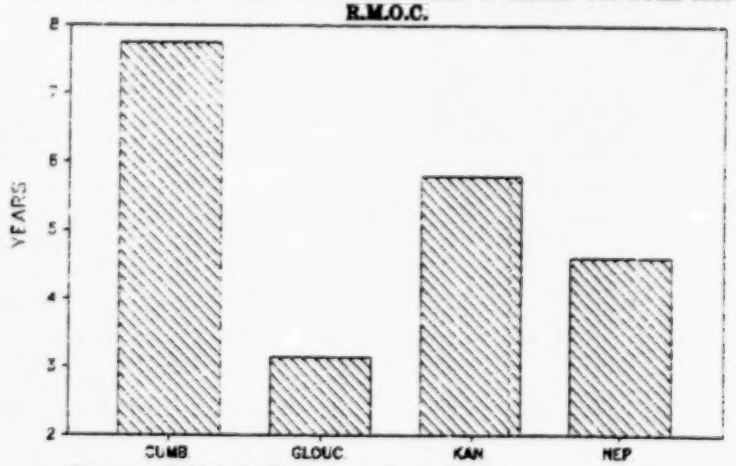
* This number is artificially high by an unknown amount. Some of these units were actually started in 1984. A rush to take advantage of Provincial housing programs which were terminated at the end of 1984 resulted in a backlog in the recording of starts.

- Projections of future housing requirements for individual municipalities are not available, but based on annual housing completions over the previous 5 year period, the suburban communities of Cumberland, Gloucester, Kanata, and Nepean have, on average, nearly a 5 year supply of land in registered and draft approved subdivisions. This includes a 7.8 year supply in Cumberland, 3.1 in Gloucester, 5.8 in Kanata and 4.6 in Nepean, all of which exceed the 2 year supply requirements approved in the Regional Housing Statement Update.

- Despite the encouraging overall supply of land depicted above, there are submarkets within some of the urbanizing municipalities where the supply of registered and draft approved lots, based on average consumption over the previous five year period, appears to be less than the 2 year supply requirement approved in the RHSU (i.e. singles in Nepean and Gloucester and doubles in Nepean and Kanata). This does not include a 2,875 unit supply in mixed developments which may compensate for the apparent shortages in the single and double market. This situation will be reviewed shortly and any problems will be brought to the attention of Council.

REGISTERED AND DRAFT APPROVED LAND

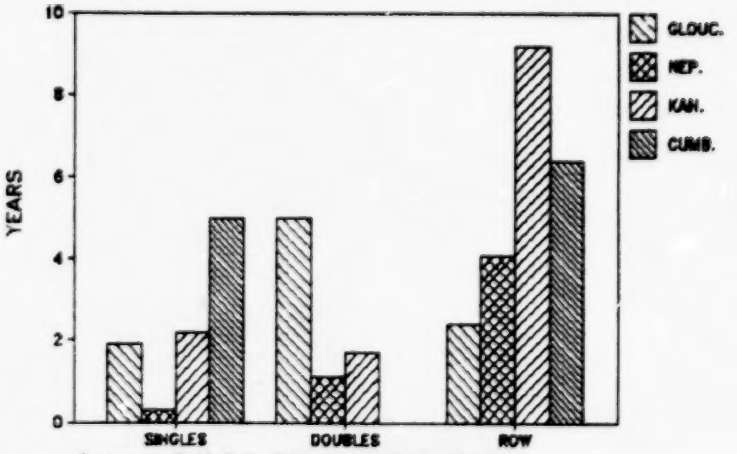
SUPPLY IN YEARS - BASED ON FIVE YEAR AVERAGE CONSUMPTION



Source: R.M.O.C. Planning Department

REGISTERED AND DRAFT APPROVED LOTS

IN YEARS–BASED ON FIVE YEAR AVERAGE CONSUMPTION



Source: R.M.O.C. Planning Department